

Dear Sirs/Madam:

Attached is public comments on the above bills. This comment has not been signed due to the Word format requirement. A signed copy is available upon request.

Sincerely

Dave Crumbo

CFO

Alaska Ocean Seafood LP



ALASKA OCEAN SEAFOOD LIMITED PARTNERSHIP

October 31, 2006

Re: H.R. 6264 and S. 4206, dated September 29, 2006
Section 7(b) Hurts Small and Mid-Sized Companies Who Export

Dear Congressman:

I am writing to alert you to a pending tax law development that I believe will be detrimental to small and mid-sized exporters. While I am writing this letter on my Company's behalf, I believe many fellow exporters share my views on this subject.

The Technical Corrections Bill Increases the Foreign Trade Deficit. Section 7(b) of the Tax Technical Corrections Act prevents dividends received from an IC-DISC from obtaining the same maximum 15% federal tax rate as qualifying dividends from other types of corporations. Passage of the bill would cause the IC-DISC regime to revert to its status prior to 2003. Rapidly growing companies who needed capital to expand export operations often came to the conclusion that they could not use the IC-DISC structure because the deferral of tax wasn't worth the interest charge or the soft costs of implementing the structure. But when the tax rules changed in 2003 to allow IC-DISC dividends to enjoy a permanent tax savings that the exporter never had to pay back to the federal government, the IC-DISC structure came within the reach of many companies with export activities.

One-Time Dividends Received Deduction Did Not Help Most Privately-Held Companies. Various sources have quoted figures suggesting that small businesses represent the vast majority of new jobs created in the U.S. My view is that the one-time dividend received deduction available for most taxpayers in their 2005 tax year benefited those U.S. multinationals who had already exported jobs and who had already built up significant foreign infrastructures. There was no corresponding reward for those U.S. enterprises that built their businesses at home.

The Tax-Sophisticated Company Still Obtains Permanent Tax Benefits. The Technical Corrections Bill does not eliminate the availability of the 15% maximum federal rate on dividends from qualifying foreign corporations or qualifying corporations formed in possessions of the United States. Therefore, my competitors who happen to have operations in China or Switzerland or Puerto Rico or Guam who have hired tax advisors to help them manage their tax liabilities outside the U.S. can still benefit from the 15% tax rate after passage of the Technical Corrections Bill. This result seems unfair.

The "Foreign-Owned" Company Still Benefits. The Technical Corrections Bill does not address technical rules that continue to allow foreign corporate owners of an IC-DISC to obtain an effective U.S. tax rate of 15% or less on profits derived from exporting activities. It doesn't seem fair that Congress would enact a Technical Correction that seemingly aids the foreign-owned U.S. company at the expense of a U.S.-owned, U.S.-based company, both competing in the global marketplace.

WTO Accepts IC-DISC. Congress has sought over years to provide tax benefits to U.S. exporters. The original DISC provisions were replaced with FSC provisions, and those were eventually replaced with the Extraterritorial Income Exclusion (EIE). All have been met with various objections from the WTO and the EU. EIE finally phases out at the end of 2006, leaving no export incentive except the IC-DISC. This last incentive was addressed by the WTO and accepted as not being an unfair advantage to U.S. exporters.



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Now, instead, it is our own government that is threatening to take away the only export incentive accepted by our trading partners.

Conclusion:

- Section 7(b) the Technical Corrections Bill eliminates the ability of most privately-held U.S. companies to obtain a permanently reduced federal tax rate on profits attributable to export activities.
- Section 7(b) has a disproportionately negative effect upon small to mid-sized companies owned by U.S. individuals.
- Section 7(b) can be defeated by taxpayers who can afford sophisticated tax advice.

I therefore urge you to recommend removal of Section 7(b) from the pending Tax Technical Corrections Act of 2006. After years of promoting exports through DISC, FSC and then EIE legislation, it is difficult to accept that the IC-DISC structure that is finally acceptable to the WTO risks being struck down by our own government.

Thank you for your consideration of this letter. I appreciate your leadership on this important issue to all U.S.-owned exporters.

Very truly yours,

Jeff Hendricks
CEO